

STUDY ON DIGITAL BANKING SERVICES AFTER DEMONETISATION WITH REFERENCE TO KANCHEEPURAM DISTRICT

S. DAYANITHI

Research Scholar, Department of Commerce, Bharathiyar University, Coimbatore, Tamil Nadu, India

ABSTRACT

Banks all over the world have succeeded in promoting the latest services to its customers. Current customers are tempted to do business online. Traditional branch-based retail banking remains the most pervasive technique for conducting banking transactions in India as well as any other country. However, digital technology is rapidly changing the way personal financial services are being designed and delivered. Recent customer account dealings are created to be analytical of electronic services utilize in common. This paper focuses on the use of digital banking and satisfaction by the bank's customers after demonetization, through an investigation of the factors that influence customer's acceptance of digital banking services. A sample of 180 respondents was included in the study. An exploratory study of the customers in six banks is conducted to identify the factors which enhance satisfaction with digital banking services with the help of primary data technique called Factor Analysis. Further, the comparison of customers' satisfaction between the banking sectors towards digital banking is achieved by using unpaired samples t-test. Fulfillment, Achievements, Self-satisfaction, Pride Encouragement, and Delight are the six factors that influence the customers' satisfaction. Customers' satisfaction is high in private banks with regard to digital banking than the public sector banks.

KEYWORDS: Customer Satisfaction, Digital Banking Services, Mobile Banking & Technology & App's

Received: Sep 25, 2018; **Accepted:** Oct 15, 2018; **Published:** Nov 20, 2018; **Paper Id.:** IJHRMRDEC201810

INTRODUCTION

Before November 2016, 67% of India's population did not have a bank account, limiting their prospects to access the benefits offered by financial institutions, such as, saving earnings and taking loans. After demonetization digital banking services, launched by banks, has had a monumental impact in bringing universal access to banking services to low-income Indian citizens. In the last 20 months, over 317 million Indians opened the bank account and deposited over United State Dollar (USD) 12 billion bringing the percentage of households with a bank account to 99%. Though 71% of these new accounts belongs to people living in rural India, only a third in the bottom quintile have financial savings exceeding USD 17 million. This clearly accentuates the need to inform the benefits of banking services to people with low socioeconomic status and motivate them to use these facilities.

The technology landscape in India is undergoing a rapid transformation. India has over 1 billion mobile phone subscriptions; the annual smartphone subscription growth is 55%, while Internet user growth is 33%. The high cost of setting up of banking institutions in rural areas promises the rise of digital financial services that offer benefits, including physical security of savings, no transportation cost to access banking services, low overhead costs, easier remittances, transparency, and accountability. However, despite its promise, the adoption of

digital financial services in rural India has been a distant reality because of cash-based economies in rural areas, misinformation about and lack of trust in banking services, misconstrued perceptions about digital financial services, network effect, low technology penetration, and low literacy, among others.

The 2016 Indian banknote demonetization has offered unprecedented opportunities for the adoption of digital financial services. Post demonetization, the limited availability of cash prompted millions of people to learn and use digital financial services. During the first few months, such services saw an exceptional user growth of Paytm gained 60 million new users in one quarter, and Bharat Interface for Money (BHIM) application witnessed 15 million downloads in first fifty days. To promote cashless economy, the government also launched several schemes, such as Lucky Grahak Yojana and Digi-DhanVyapar Yojana, to provide incentives to customers and merchants for performing digital transactions. Though rural regions were severely affected by demonetization, the adoption of existing digital financial services and new government initiatives is visible predominantly in urban areas. Since cash availability in Indian markets has considerably improved, the critical question for the government, digital financial service providers, researchers, and policymakers is how to increase awareness and adoption of digital financial services among low-income, low-literate people in rural and peri-urban India.

Digital Banking and Service Quality

As customers become more sophisticated, therefore, it becomes essential to consider the use of technology to continuous needs. Banking industry highly involved with the customers. Customers in developing economies seem to keep the technological factors of services as the yardstick in differencing good and bad services and the human factor. The employees seem to play a lesser role in discriminating the quality of services for banks. The variation in services obtainable through the banks develops excellence for service quality. Banking is no longer regard as trade dealing with cash transaction alone, but it also seems like a trade related to information on the financial transaction. Customers at the corporate level or retail level have always been important for the banks. As digital banking is becoming more prevalent, the level of customer satisfaction is also changing the scenario of technological environment.

Information technology in digital banking plays a significant role in providing better services at lower cost. Several innovative IT-based services such as Internet banking, Mobile banking, Core Banking System, National Electronic Fund Transfer NEEFT, Real Time Gross Settlement RTGS, Indian Financial System Code IFSC, Bharat Bill Payment System BBPS, Adhaar Enabled Payment System, Adhaar to Adhaar Fund Transfer, Unified Payment Interface, National Payments Corporation of India, Bharat Interface for Money, digital wallet or mobile wallet or e-wallet, It involves Paytm, Mobiwik, Free charge, State bank buddy, HDFC pay zapp, ICICI pockets, Lime, Phone pe, Airtel money, Ola money

Customer Satisfaction

Customer satisfaction is the complete convention of customer expectation of the products and services. If the professed presentation match or still is past customers' expectations of services, they are satisfied. These expectations are derived from past experience with the product itself or with similar products, other marketing stimuli, and existing attitudes and confidence felt by the consumer (Oliver - 1997).

Digital banking is an improvement over the traditional banking system because it has reduced the cost of transaction processing, improved payment efficiency, financial services and also has improved the banker-customer relationship. The relationship between digital banking and service quality can be studied with the level of satisfaction.

Digital banking plays a pivotal role in giving satisfaction to customers because digital banking fills the gap between the expected and perceived service quality. So in order to fill this gap, a bank should find ways of making electronic services more accessible and by allowing the customer to verify the accuracy of the digital banking transaction.

There is the number of reasons due to which customer satisfaction on account of digital banking has improved. The reasons are as follows;

- A customer can withdraw funds, transfer funds anytime, anywhere and anyone they want to pay.
- Ease of access has been extended during technological development as it allows customers to do dealing as of their home and office.
- It makes the banking activities and transaction very simpler to understand.
- There is no requirement of direct control with a bank, as services can be operated wherever a customer wants.
- It has reduced the waiting time of the customer.
- Availability of employees at all times is not required as these services are provided 24 hours a day, 7 days a week.
- Digital-based services have enabled the corporate and retail customers to transact from home, office, and traveling.
- Digital fund transfer has enabled the customer to transfer funds from one bank to another or contained by the same bank at the same time.
- An interaction between the bank and customer has been improved due to digital banking.

REVIEW OF LITERATURE

- Dr. Ambalika Sinha and Divya Rai (2017) revealed that the declaration of 86 per cent of currency notes as illegal tender in just a blink of time on eve of 8th November 2016 mandated the creation of immediate interruption in daily lives. The disorder was created in every stratum of the society whether upper, middle or lower. Where some welcomed the move as it was seen for curbing black money, many are suffering by this movement. But the supreme sufferers of this move were the informal sector of the Indian economy, where cashless transactions are minimal. Informal sectors of Indian Economy includes 106 activities like agriculture, workers in construction, local transport, community services and small workshops like shoemaker and garment makers (International Conference of Labour Statistics 2003), rural populations and the urban poor and middle class. This paper aimed at reviewing the general implications of demonetization on rural people.
- D. Jagadeesan and P. Chinnadurai (2017) concluded that the increase in service quality of e-banking can satisfy and develop customer satisfaction that ultimately retains valued customers. And also examined the influence of service quality on customer satisfaction in banking industry moreover, also observed that there is a relation between customer satisfaction in online banking service and tangible, reliability, responsiveness and empathy and also proposed that the responsiveness, assurance, security, easy to use are the factors influencing the customer satisfaction in E-banking.

- Martin Out Offei and Kwaku Nuamah- Gyambrah (2016) disclosed that there is an availability of internet banking services at GCB Bank for use by customers. However, a small number of the respondents (customers) were not aware of such facilities. Specifically, those internet facilities that were available for use ranged from availability and use of ATM, mobile banking services, visa, master and debit, and credit card. Secondly, it came away to present be four major use of internet banking services as known by the respondents which include checking account balance and statements, withdrawal purposes, interbanking and international transactions. An only some of these uses could be performed at one's convenience, both at home, office or at any place.
- N. Rameshkumar and Dr. J. Shanmuganda Vadivel (2016) revealed that the technology in the banking sector has made our life very easy. It is very much part of people's life today. At the present time, the modern banking sector is doing more advanced and digitally connected network. Banking sector provides various services to the public at 24 hours such as ATM, Net banking, Mobile Banking etc., in which ATM service plays a very important role in the society. This paper made attempts to find out the awareness and satisfaction level of ICICI Customers using ATM Service in Coimbatore city.
- P.V. Nandhini (2016) examined online banking and uses as it minimizes the work of customers in doing person – person banking without any waste of time and energy from the place where you are and also we are able to know the use of online banking in different sectors of our country like-wise in industries, and institutions.

OBJECTIVES OF THE STUDY

- To examine the digital banking service dimensions that influence Customer satisfaction.
- To find out the variation between public and private sector banks with regard to customer satisfaction.

Significance of the Study

Customer satisfaction can give a competitive edge to a bank by influencing customer loyalty, cross buying behavior, favorable word of mouth opinion about the bank and ultimately overall performance of the banks in the long run. Commercial banks operate in Kancheepuram. These banks claim that they are customer oriented as they have a good number of customers with them. They also assert that they follow all the customer service mandates and standards issued by the Reserve Bank of India. In every sense having a good number of customers is a blessing but a large number of the customer is not a measure of good customer service. Thus, this study is an attempt to measure the customer service and satisfaction- levels of these six leading banks of Kancheepuram District.

Profile of the Study Area

Kanchipuram district is identical to the districts in Chennai in the northeast of the state of Tamil Nadu in India. The area comprising the present-day Kancheepuram district is previously a part of Chengalpattu district. The original Chengalpattu district was divided in the year 1997, to form the present day Kanchipuram and Tiruvallur districts. It is surrounded in the west by Vellore District and Thiruvannamalai District, in the north by Tiruvallur District and Chennai District, in the south by Viluppuram District and in the east by the Bay of Bengal. It is resting position between 11° 00' to 12° 00' latitudes and 77° 28' to 78° 50' longitudes. The district has an entire geographical area of 4,432 km²(1,711 sq mi) and coastline of 57 km (35 mi). The city of Kanchipuram is the district headquarters. The Chennai International Airport is placed in Tirusulam in Kanchipuram district now under Greater Chennai Corporation Limit. In 2011, Kancheepuram

district had a population of 3,998,252, with a sex-ratio of 986 females for every 1,000 males. Kancheepuram District has banks and branches of almost all the nationalized and private banks totally 572, in commercial banks of 32 like state bank of India, Indian bank, South Indian bank, Canara Bank, Punjab National Bank, IDBI, Dena Bank, ICICI Bank, HDFC Bank, AXIS Bank etc., six important commercial banks namely, SBI, Indian Bank, Canara Bank, ICICI Bank, HDFC Bank and AXIS Bank were selected for the purpose of this study.

Scope of the Study

The study encompasses customer service quality of all sixes banks namely SBI, Indian Bank, Canara Bank, HDFC Bank, ICICI Bank and AXIS Bank of our cities in Chengalpattu town each located at the various place at Chengalpattu town. The study covers customers of the above-said banks. The customers belong to different professions different places, of both genders, with different income groups and different age groups.

METHODOLOGY

This study includes 180 respondents, ninety respondents from private and public sector banks. It is State Bank of India, Indian Bank, Canara Bank, ICICI Bank, AXIS Bank and HDFC Bank in the Kancheepuram District. 56% of the respondents are male and 44 % are females. It is noted that the respondents selected are about 39% in the middle age group of 30 to 45 years. Around 28% of the respondents are graduates and 22% of the respondents are employed in the government sector. Stratified random sampling is adopted; in each bank 30 respondents were included in a random manner. An interview schedule was conducted to collect the response and the collected response was analyzed using IBM SPSS v23. The questionnaire is developed with two sections: the first section comprises with demographic variables and the second section consists of customer satisfaction questions. Demographic variables are of a categorical type and customer satisfaction is of scaled type. Exploratory factors analysis is applied to reduce the variables into factors of Customer satisfaction. Unpaired samples test is used to find the difference between the public sector banks and private sector banks with regard to Customer satisfaction.

RESULTS AND DISCUSSIONS

Exploratory factor analysis with varimax rotation is used to reduce the variables into factors. In this study, the factor that influences the customer satisfaction of Digital banking was identified. Customer satisfaction in Digital banking is measured by twenty-four variables. The KMO measure of sampling adequacy was 0.891 and it is significant ($p < .001$).

Table 1: Initial Eigen Values for Factors that Influence Customer Satisfaction

Factors	Initial Eigen Values		
	Eigen Value	Percentage of Variance	Cumulative Percentage
1	7.924	31.43	31.43
2	2.427	13.77	45.2
3	1.966	7.21	52.31
4	1.537	6.21	58.52
5	1.291	3.88	62.4
6	1.237	3.52	65.92

Six factors which explore the original data were extracted from twenty-four variables. From the cumulative percentage column, all the factors extracted together account for 65.92% of the total variance. Factors extracted with their

components are represented in the Table-2.

Table 2: Factor Scores of Customer Satisfaction in Digital Banking

Factor	Components	Factor Scores
Factor1: Fulfillment	Digital banking driving long-term relationship with bank	0.797
	Bank's website provides clear transaction charges	0.734
	Bank's website provides accurate and up to date information to its customers	0.723
	Customer believes that the digital banking transactions are completed timely	0.693
	Customers are satisfied with the digital banking service procedures	0.653
	Bank as a system of monitoring analyzing and solving customer problems online	0.68
	Bank strategy on digital banking services a competitive advantage to understand customer needs	0.647
	Bank completely meets digital banking customer satisfaction	0.633
	Customer focus and better online service quality	0.616
	Bank's website provides privacy and security to customer transaction	0.587
Factor 2: Achievements	Frequent visit to the bank is not required	0.754
	Satisfied with digital banking services of your bank	0.739
	Bank objectives are driven by customer satisfaction	0.691
	Banks' online infrastructure is good	0.647
	Integrated value-added service and resources to customers	0.623
	Customer relationship on digital banking services	0.553
Factor 3: Self-satisfaction	Bank familiarity to customers	0.813
	Bank location to customers	0.724
	Convenience to customers	0.663
	Lower service charge to customers	0.614
	Quick service to customers	0.566
Factor 4: Pride	Customer satisfaction is the motto of your bank	0.814
	Customer satisfied with the online payment system of your bank	0.786
	Solution to solving customer care services through toll-free number	0.628
	Quick solving of the complaint in the bank	0.528
	Bank administrators' knowledge of digital banking service	0.516
Factor 5: Encouragement	Bank provides incentives to the customer for continuous use of digital banking	0.766
	Bank administrators help a customer in doing digital banking transaction	0.671
Factor 6: Delight	Bank's website deals with customer's order fast enough	0.801
	Variety of features and service to customers	0.651

It is inferred from the above table that the factor 1 is a combination of 10 variables and named as Fulfillment, factor 2 is a combination of six variables and named as Achievements, factor 3 is a combination of five variables and it is named as Self-satisfaction, factor 4 is named as Pride and it constitutes five variables, factor 5 is a combination of two variables and it is named as Encouragement, factor 6 is a combination of two variables and named as Delight.

Digital banking driving long-term relationship with bank, Frequent visit to bank is not required, Bank familiarity to customers, Customer satisfaction is the motto of your bank, Bank provides incentives to customer for continuous use of

digital banking and Bank's website deals with customer's order fast enough are the important aspects of customer satisfaction.

Comparison of Customers Satisfaction towards Digital Banking in the Banking Sector

Comparison of customer satisfaction towards digital banking among banking sectors was assessed in this section. To compare the customer satisfaction, unpaired samples t-test is applied. The results are displayed in the Table -3.

Null Hypothesis H_0 : There is no significant difference between banking sectors with respect to Customer satisfaction towards digital banking

**Table 3: Comparison of Customers Satisfaction towards
Digital Banking in the Banking Sector**

Variables	Category	Mean	S D	t-value
Customer Satisfaction	Public	3.07	1.174	7.801** (p<.001)
	Private	3.72	1.104	

**Significant at 1% level

From Table 3, the t-value **7.801** is significant the null hypothesis is rejected at 1% level. Customers of Private sector banks have scored the highest mean value of **3.72** and the Customers of public sector banks have scored least mean value (**3.07**). Customers' satisfaction is high in private banks with regard to digital banking than the public sector banks.

CONCLUSIONS

Nowadays, the technological development and competition force to introduce digital banking services. Hence every bank should provide the best technology solution to customers. As a consequence of high competition in this area, all of the banks try to develop their services and digital banking system, as much as possible, to match customer satisfaction. Banks must make an effective decision in service improvement and marketing strategies for strengthening competitive advantage in this industry. The objective of the present study has investigated the role of customer satisfaction with digital banking services and specifically the mediating role of trust and digital banking was modeled.

An expected customer satisfaction with digital banking was depicted with six factors. While certain variables under these six factors of satisfaction are dependent on trust. Digital banking driving long-term relationship with bank, Frequent visit to bank is not required, Bank familiarity to customers, Customer satisfaction is the motto of your bank, Bank provides incentives to customer for continuous use of digital banking and Bank's website deals with customer's order fast enough are the important aspects of customer satisfaction, fulfillment, achievements, self satisfaction, pride encouragement and delight are the six factors that influence the customers' satisfaction. Based on the above discussion and analysis the Customers' satisfaction is higher in private sector banks with regard to digital banking services than public sector banks.

REFERENCES

1. Dr. Ambalika Sinha, Divya Rai, *Aftermath of Demonetization on Rural Population*, *International Journal of Research in Economics and Social Science*. 2017, Vol.6, Issue.11, pp.223-228.
2. D. Jagadeesan and P. Chinnadurai, *Service Quality of E-Banking Services and Customer Satisfaction*. *International Journal of Advance Reserch and Review*, 2017, Vol.1, Issue.6, pp.20-28.

3. *Martin OtuOffei and KwakuNuamah-Gyambrah, The Contribution of Electronic Banking to Customer Satisfaction: A Case of GCB Bank Limited- Koforidua, International Journal of Managing Information Technology. 2016, Vol.8, Issue.1, pp.1-11.*
4. *N. Rameshkumar and Dr. J. Shanmuganda Vadivel, A Study on Customer Awareness and Satisfaction Level Towards ATM Services Provided by ICICI Bank (With Special Reference to Coimbatore City), International Journal of Commerce, Business and Management, 2016, Vol.5, Issue.3, pp.9-15.*
5. *P.V. Nandhini, Customer Satisfaction towards Online Banking in Coimbatore Distict, International Journal of Multidisciplinary Research and Modern Education. 2016, Vol.2, Issue.1, pp.62-68.*
6. *Gordon Natarajan, Banking Theory Law and Practice, Himalaya publication, Mumbai 2011.*
7. *Black Money Counterfeits and Demonetisation an Indian Experience, T.P. Ghosh, Taxmann Publications Pvt.Ltd - New Delhi 2017.*
8. *Demonetisation and Black Money, C. Rammanohar Reddy, Orient Black Swan – Hyderabad 2017.*
9. *Varsheny and Sundaram, Banking Theory Law and Practice, Sultan Chand, New Delhi- 2014.*
10. *Vasanth Desai, Technology in Bank management, Himalaya publication, Mumbai 2014.*
11. *Sekar and Lakshmi Sekar, Banking Theory Law and Practice, Vikas publication, Mumbai 2014.*
12. *Mohammed, S. A. The Impact of the Services Quality of Banking to Customers Dealing with Banks.*
13. *S. C. Gupta, Fundamentals of Statistics, Himalaya Publishing House, Mumbai 2012.*
14. *C.R. Kothari and Gaurava Garg, Research Methodology Methods and Techniques, New Age International publishers, New Delhi 2013.*